SCN Saskatchewan Communications Network

1989•1990

ANNUAL REPORT

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LETTER OF TRANSMITTAL

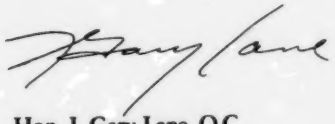
Regina, Saskatchewan
June 1, 1990

To Her Honour
The Honourable Sylvia O. Fedoruk, O.C., S.O.M.
Lieutenant Governor of Saskatchewan

Your Honour:

I have the honour to submit the second Annual Report of the Saskatchewan Communications Advanced Network* for the year ended March 31, 1990, including the financial statements, duly certified by auditors for the corporation, and in the form approved by the Treasury Board, all in accordance with *The Crown Corporations Act, 1978.*

I have the honour to be
Your obedient servant,



Hon. J. Gary Lane, Q.C.
Minister Responsible
Saskatchewan Communications
Advanced Network*

Note: *Official name of the Corporation changed to Saskatchewan Communications Network (SCN) in 1990 legislative session.

MESSAGE FROM THE MINISTER

During its first full year of operation, the Saskatchewan Communications Network (SCN) has made significant progress in developing the telecommunications structure necessary to expand distance education in Saskatchewan.

I am pleased that Saskatchewan residents have already benefited from the Corporation's Training Network which electronically links communities throughout the province. In conjunction with the Department of Education, the Training Network is also developing an exciting pilot program involving school students. This initiative clearly maximizes existing resources through the use of technology.

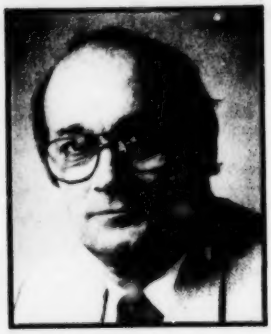
The second network, the Cable Network, is preparing for its on-air launch in 1991. This Network will give Saskatchewan its own educational and informational television channel and will reflect Saskatchewan's rich diversity and multicultural flavour.

In the future, SCN will continue to work closely with the formal education institutions, businesses and non-profit groups, to develop and expand the Training Network services and link even more communities along its electronic highway. SCN will also continue its positive relationship with the province's film and video industry. Through this partnership, we can look forward to viewing new Saskatchewan productions which will be aimed at meeting our province's needs.

SCN's history of development has always been based on the needs expressed by the residents of Saskatchewan. As the Corporation builds, it will continue to be responsive to new ideas and meet the needs of our residents.

Hon. J. Gary Lane, Q.C.
Minister Responsible for SCN

MESSAGE FROM THE PRESIDENT



SCN's growth and development in its two inter-related networks demonstrates Saskatchewan's unique ability to meet the needs of its wide population base.

I am pleased to report the Corporation has made significant progress in reaching its mandate during this, its first full year of operation.

SCN is an energetic Corporation with innovative employees. I take the opportunity to commend the staff who have been quick to take on new challenges and meet our initial goals.

We base our priorities on the needs defined by Saskatchewan's public. SCN will continue to listen to new ideas and maximize the use of technical resources. We appreciate the valuable input we have received from many organizations including the Department of Education, Regional Colleges, the film and video industry and many other individuals.

SCN's two networks will continue to be expanded to meet the needs of this province's cultural and multicultural population. Our annual commitment of funds to the province's film and video industry will help us achieve this goal.

We look forward to fulfilling our mandate.

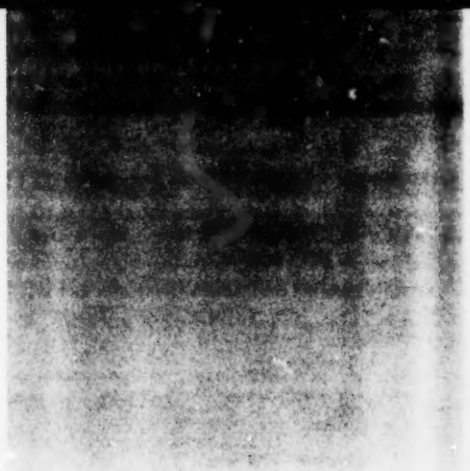
Bill Bruce,
President and CEO

HISTORY OF CORPORATION

The establishment of the Corporation was based on input from a five-year public hearing process on the need for an advanced communications network in the province.

This process focused on the potential of an advanced telecommunications network which could enhance the exchange of information in areas such as education, agriculture, technical training, skills upgrading, culture and the arts.

The Corporation was established by an order in council, January 11, 1989 under the Crown Corporations Act, 1978.



CORPORATE MANDATE

The mandate of the Saskatchewan Communications Network is to provide equal access to information for all Saskatchewan residents.

In the process of fulfilling this mandate, SCN will develop telecommunications services which will promote:

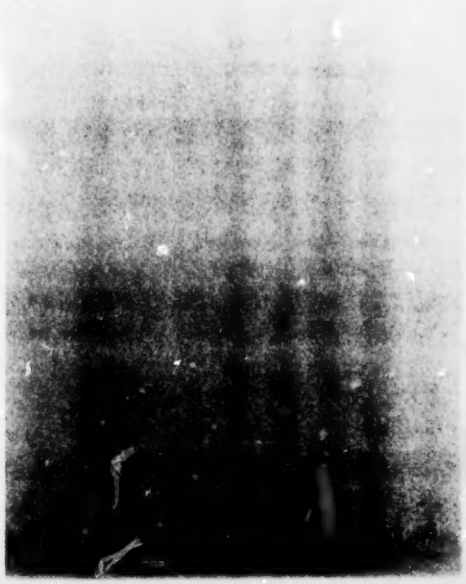
- the timely distribution of educational and informational programming in subject areas relevant to Saskatchewan residents;
- the distribution of programming to centres in Saskatchewan, providing educational and training opportunities not previously available; and,
- the use of telecommunications technology by business in training, updating and providing information to employees throughout the province.

In addition to increasing the opportunity to gain access to needed information and training, SCN will stimulate:

- Saskatchewan's technological industry through the provision of opportunities to design, manufacture, install and market various manufacturer's systems; and,
- the film, video, music production and software industries.

To meet its objectives, SCN must coordinate its information mandate with those of many other institutions and organizations in the province. These include: private business, health agencies, cultural and multicultural organizations, municipal and provincial government departments, crown corporations and many other groups. Building upon existing systems and resources as much as possible, is SCN's fundamental operating principle.

As SCN's information networks continue to develop, they will form a 'school without walls' allowing Saskatchewan's people to learn wherever they may reside.



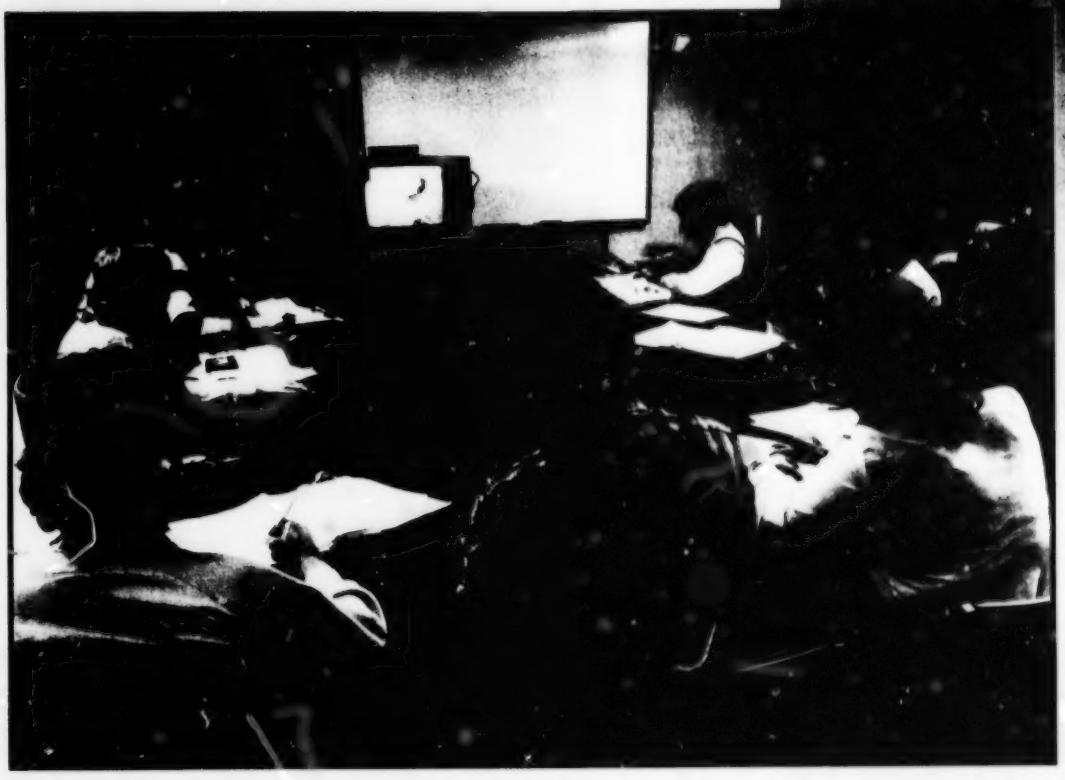
SCN has developed one of the largest interactive networks in Canada to respond to the needs of a widely dispersed rural population. In 1989-90 there were 35 locations in Saskatchewan providing the "electronic highway" by which individuals are able to enhance their education without leaving their communities.

SCN Training Network

The delivery model encompasses one-way video and two-way audio to facilitate live, interactive programming.

In conjunction with the province's regional colleges, the network delivers credit and career-oriented classes, seminars and special presentations from a variety of educational institutions, agencies and organizations. In addition, this network provides a framework for telecasts in a variety of topics.

The SCN Training Network provides a unique opportunity for formal education institutions, businesses and non-profit groups to conduct their human resource development efforts with maximum flexibility. More importantly, the live interaction and community-based programming afforded by the Network provides for a humanistic approach to distance education and information dissemination.



Students at an SCN Training Network centre.

TRAINING NETWORK PROGRAMMING SUMMARY - 1989-90

Credit Programming - 1989-90

University of Regina
- French 100
- French 101
- Film 100
- Computer Science 102
- Economics 101

University of Saskatchewan
- History 112.6
- English 110.6
- Psychology 110.6

Non-credit Programming:

Sask. Institute of Applied Science and Technology (SIAST) - Homecare

Sask. Committee on Rural Area Development

Crop Market Prospects

Sask. Union of Nurses (SUN)

Credit Union Central

SaskTel

Sask. Research Council

Students:

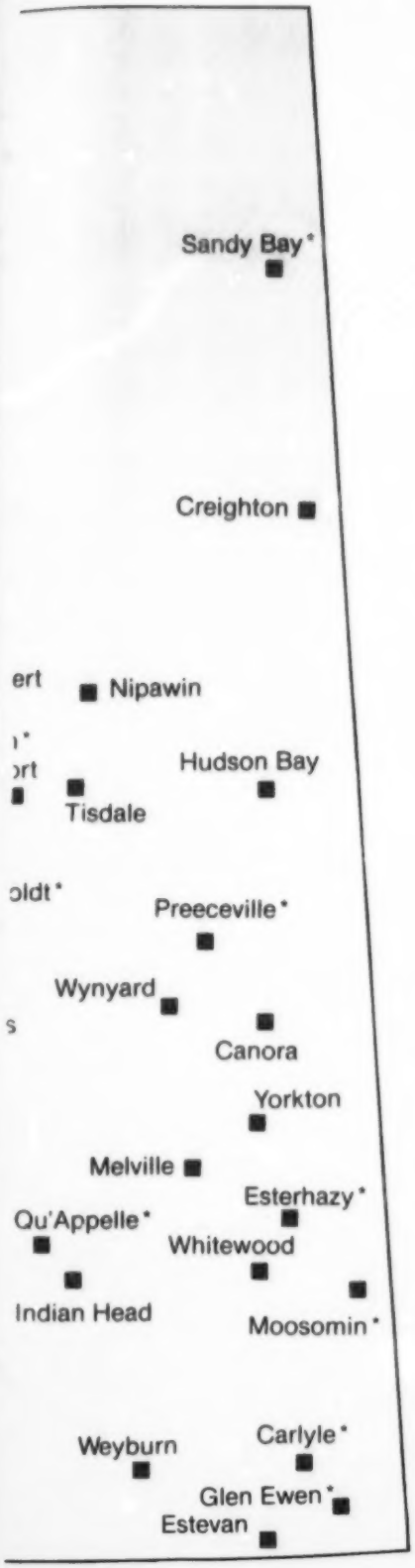
Number of students	968
Number of hours	578
Total student contact hours	198.002

TRAINING NETWORK HIGHLIGHTS 1989-90

SCN:

- incorporated the delivery activities of the Saskatchewan Tele-Learning Association (STELLA) and reconfigured STELLA's original technological network.
- developed a centralized 24 hour help line for SCN attendants and developed a system for local maintenance of equipment;
- placed facsimile and telephones in each site to ensure greater communications with the students, professors and SCN attendants;
- added individual satellite dishes to STELLA's existing network of communities to make a total of 35 satellite dishes within the province;
- contracted for the design of a fibre optics and microwave network which allows for originating signals from Moose Jaw, Regina, Saskatoon and Prince Albert;
- constructed a Ku-Band Uplink in Saskatoon to facilitate the delivery of the production signal to the satellite;
- began formal evaluation of new technology to analyze the cost of utilizing satellite delivery.

SCN Centres



* sites proposed for development in 1990/91

With a target delivery date of September 1, 1990, in conjunction with the Department of Education, SCN initiated a distance education pilot project whereby eight secondary schools located in Bateman, Burstall, Kinistino, LaLoche, Oungre, Plenty, Rabbit Lake and Sandy Bay would begin to receive live, interactive instruction via satellite from another secondary school location.

Initial discussions were held to examine the potential of programming from Viscount School of the Future, Campbell Collegiate in Regina and Swift Current Comprehensive High School.

Through this project, participating school divisions in these locations and SCN hope to demonstrate how rural education can be enhanced through telecommunications technology. This project provides access to needed expertise, stimulates live interaction and provides immediate response to students in a cost effective manner.

SCN believes in the potential of distance education in the process of lifelong learning. SCN extends its appreciation to the Department of Education, local school divisions and the Saskatchewan Correspondence School for their continuous cooperation in the development of this project.

SCN's programming department was established in the summer of 1989 when staff was hired to prepare for the launch of Saskatchewan's first educational cable network. Activities during the balance of the fiscal year focused on the establishment of programming priorities through contact with public and private agencies. Assessment of existing program resources was undertaken, and the need for new production initiatives outlined.

SCN Cable Network

The subject/programming areas focus on: education and lifelong learning; agriculture and rural development; the arts and humanities; the environment; health and wellness; and science and technology. The special interest groups are: children, families, multicultural and indigenous groups and seniors.

The programming is divided into formal and informal categories.

Formal programming supports elementary, secondary and post-secondary education. These programs provide teachers with programming which complements, or enriches, the Department of Education curriculum.

The K-12 programs, recommended by the Department of Education, are acquired or produced for use on the SCN Cable Network and have duplication and non- erasure rights which allow teachers to use the programs in the classroom at convenient times.

The post-secondary programming activity is concentrated primarily on the SCN Training Network plus relevant acquisitions on the Cable Network, and is selected on the basis of suitability for telecast to a general audience.

Informal programs, or series, stimulate curiosity and encourage learning. The audiences range from pre-school children to seniors. The focus is on personal development, aimed to assist individuals in acquiring knowledge and skills that will help them cope with the challenges of living in today's complex world. These programs allow viewers to become involved in structured, active and part-time learning activities outside the formal classroom setting.

Photo by Cal Fehr

Saskatchewan production company, Mind's Eye Pictures on location shooting environmental TV program, "It Starts At Home" to be aired on SCN Cable Network.

ACQUISITIONS

Examples of the programming acquired include:

- "how-to" series on numerous topics;
- performances and documentaries on a variety of the arts;
- documentaries on science, travel and cultures of other lands;
- documentaries on Saskatchewan, Canadian and international social and environmental concerns;
- programming to meet the needs of Saskatchewan cultural and multicultural groups.

CABLE NETWORK PRODUCTIONS:

SCN staff worked closely with the independent production community in Saskatchewan to establish programming requirements for the Cable Network. Over 20 Saskatchewan-based projects were negotiated during the fiscal year with delivery of completed programs scheduled for 1990/91.

Wherever possible, these productions involve other financial partners or underwriters and other Saskatchewan broadcasters. One of the activities totally financed by SCN was the production of 90-minutes of Saskatchewan-based vignettes. These 2- to 4-minute programs reflect the history and urban/rural life of the province.

CABLE NETWORK HIGHLIGHTS FOR 1989-90:

- Summer 1989: SCN Programming Department established.
- Acquisition screenings and negotiations began.
- Deliveries of acquisitions began in early 1990.
- Contracts negotiated with Saskatchewan independent producers for the initial development phase of production for programs to be delivered in the 1990/91 fiscal year.
- Computer hardware and software were acquired to track inventory and handle scheduling of the cable channel.
- University of Saskatchewan designated to be the head end for the SCN cable network.
- Application for Educational Broadcast Licence filed with the Canadian Radio-television and Telecommunications Commission (CRTC).

AUDITOR'S REPORT

May 3, 1990

TO THE MEMBERS OF THE
LEGISLATIVE ASSEMBLY
PROVINCE OF SASKATCHEWAN

We have examined the balance sheet of Saskatchewan Communications Advanced Network Authority as at March 31, 1990 and the statements of revenue, expenditures and operating equity, equity and reserve, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1990 and the results of its operations and changes in its financial position for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants
Regina, Saskatchewan

SASKATCHEWAN COMMUNICATIONS ADVANCED NETWORK AUTHORITY

BALANCE SHEET AS AT MARCH 31, 1990

ASSETS

	$
CURRENT ASSETS	
Cash and short-term investments	2,345,523
Accounts receivable	1,825,726
Prepaid expenses	25,509
Inventory (note 1)	97,323
	4,294,081
FIXED ASSETS (note 2)	716,788
	5,010,869

LIABILITIES AND EQUITY

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	686,835
EQUITY IN FIXED ASSETS (note 1)	716,788
RESERVE FOR COMMITMENTS (note 5)	3,607,246
	5,010,869

Commitments (note 4)

SASKATCHEWAN COMMUNICATIONS ADVANCED NETWORK AUTHORITY

STATEMENT OF EQUITY AND RESERVE FOR THE YEAR ENDED MARCH 31, 1990

EQUITY IN FIXED ASSETS

BALANCE - BEGINNING OF YEAR	—
Allocation of fixed assets net of depreciation	716,788
BALANCE - END OF YEAR	716,788

RESERVE FOR COMMITMENTS

BALANCE - BEGINNING OF YEAR	—
Allocation of funds for commitments	3,607,246
BALANCE - END OF YEAR	3,607,246

SASKATCHEWAN COMMUNICATIONS ADVANCED NETWORK AUTHORITY

STATEMENT OF REVENUE, EXPENDITURES AND OPERATING EQUITY
FOR THE YEAR ENDED MARCH 31, 1990

	$
REVENUE	
Grant - Province of Saskatchewan	4,485,000
Grant - Government of Canada	3,114,580
Program delivery service	66,262
Miscellaneous	7,582
	7,673,424
EXPENSES	
Administration (note 3)	330,036
Program support	238,735
Program development and production costs	556,063
Program acquisition costs	943,898
Network distribution (note 3)	1,280,658
	3,349,390
NET REVENUE FOR THE YEAR	4,324,034
OPERATING EQUITY - BEGINNING OF YEAR	—
Allocation to equity in fixed assets	716,788
Allocation to reserve for commitments	3,607,246
OPERATING EQUITY - END OF YEAR	—

SASKATCHEWAN COMMUNICATIONS ADVANCED NETWORK AUTHORITY

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1990

	$
OPERATING ACTIVITIES	
Net revenue for the year	4,324,034
Item not affecting cash - Depreciation	419,548
	4,743,582
Net (increase) in non-cash working capital balances related to operations	(1,261,723)
	3,481,859
INVESTING ACTIVITIES	
Purchase of fixed assets	(1,136,336)
INCREASE IN CASH - END OF YEAR	2,345,523

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1990

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared in accordance with generally accepted accounting principles with the following exceptions:

Program acquisition and production costs are expensed as incurred.

b) Fixed assets

Fixed assets excluding shipping and installation charges are recorded at cost less accumulated depreciation. An equivalent amount is reported as equity in fixed assets. Depreciation is calculated using the declining balance method as follows:

Office equipment and furniture	30%
Uplink development and network configuration	30%
Computer hardware	40%
TVs, VCRs, and satellite receivers	40%
Fax machines	50%
Computer software	60%

c) Inventory

Inventory consisting of blank video tapes is recorded at the lower of cost and net realizable value.

2. FIXED ASSETS

The components of the fixed assets as well as the related accumulated depreciation are as follows:

	Cost	Accumulated Depreciation	Net Book Value
	$	$	$
Office equipment and furniture	28,121	8,436	19,685
Uplink development and network configuration	600,090	180,027	420,063
Computer hardware	155,605	62,242	93,363
TVs, VCRs, and satellite receivers	146,076	58,431	87,645
Fax machines	134,545	67,273	67,272
Computer software	71,899	43,139	28,760
	1,136,336	419,548	716,788

3. DEPRECIATION

Included in expenditures for the year is depreciation expense as follows:

	$
Administration	55,340
Network distribution	364,208
	419,548

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1990

4. COMMITMENTS

The corporation has the following commitments outstanding at March 31, 1990:

	$
a) Estimated cost to complete productions in progress	257,000
b) Purchase of a video multiplex system	428,000
c) Acquisition of broadcast and duplication rights	724,000
	1,409,000

5. RESERVE FOR COMMITMENTS

The reserve for commitments was established for existing and future commitments in the process of building an educational TV network throughout the province of Saskatchewan.

6. STATUS OF CORPORATION

Saskatchewan Communications Advanced Network (SCAN) Authority was established by an order in council January 11, 1989 under the Crown Corporations Act, 1978.

7. RELATED PARTY TRANSACTIONS

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown-controlled departments, agencies and corporations with which SCAN is related. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms.